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REVIEW OF PROGRESS ON THE IMPLEMENTATION OF THE IMMEDIATE ACTION PROGRAMME: (1979-1981)

Introduction

1. In UNCTAD Resolution 122(V) on the Comprehensive New Programme of Action for the Least Developed Countries, an immediate phase was called for. This phase was to be constituted of "an immediate effort to meet the critical situation of the least developed countries in the form of an Immediate Action Programme (1979-1981) of greatly expanded assistance for the least developed countries aimed at (1) providing an immediate boost to their economies and immediate support for projects for the provision of the most pressing social needs, and (2) paving the way for much longer term development efforts".

2. As is detailed in paragraphs 3 and 4 of Resolution 122(V), the Immediate Action Programme for the Least Developed Countries should contain inter alia:

(a) Greatly expanded assistance resources for projects already in the pipeline and to identify and implement projects and programmes that can be executed quickly and bring immediate benefits including (i) immediate expansion of resources to support projects for the provision of social needs; (ii) enhanced supply of inputs necessary for agricultural and rural development, (iii) assistance for overcoming urgent bottlenecks in management, maintenance, physical facilities in order to obtain better use of existing capacities; (iv) financial and commodity support for activities at the community level which create jobs;

(b) Provision of emergency assistance to mitigate the effects of natural disasters, including those resulting in unforeseen shortfalls in resource mobilization;

(c) Immediate financial support for preparations for the Substantial New Programme of Action for the 1980s;

(d) Major immediate efforts to mobilize skilled personnel needed for the planning and other aspects of the New Programme for the 1980s.

3. The resolution further called for assurances to be given, by the international community, on bilateral and multilateral basis, that adequate resources will be made available to complement the activities of the least developed countries themselves in this critical phase.

4. To follow up the progress of the Immediate Action Programme, the General Assembly in resolution 34/210 requested the Preparatory Committee for the United Nations Conference on the Least Developed Countries "to monitor progress" under the Programme. The Preparatory Committee at its first session decided (resolution 5(III), paragraph 12) to monitor, review and evaluate the progress under the Immediate Action Programme at the global level and invited the regional commissions, in consultation with UNCTAD, to monitor, review and evaluate progress under the Immediate Action Programme (1979-1981) at the regional level. Furthermore, the same resolution (para 4) invited the international donor community, including the multilateral agencies, as a matter of urgency, and in any case no later than at the second session of the Preparatory Committee, to indicate in writing the steps which they are undertaking in order to implement the commitments undertaken in UNCTAD resolution 122(V), including especially the efforts being made "with a view to doubling as soon as possible the flow of official development assistance to the least developed countries, taking into account the relative performance of donor countries, in order to contribute to the preparation and implementation of the Comprehensive New Programme of Action". It also invited donor countries and multilateral agencies to indicate in written statements, at the forthcoming sessions of the Preparatory Committee what they are doing to take all possible immediate steps for the provision of the much larger flows which will be required for the implementation of the Substantial New Programme of Action for the 1980s.

5. The Economic Commission for Africa, on its part has continually made efforts to follow and review the progress made under the Immediate Action Programme (1979-1981). In this respect, the various ministerial missions which visited most of the African least developed countries were requested to discuss with the various country officials, the implementation of the Immediate Action Programme, (1979-1981). The summary of the major findings of these missions are contained in the Conference document ST/ECA/LDCs.I/7.

The review of progress

6. After more than half the period for the Immediate Action Programme, most indications have been that the implementation of the Immediate Action Programme has been extremely slow and inadequate. The written statements received by UNCTAD from the donor community by the time the second session of the Preparatory Committee was held (9-17 October 1980), did not in general appear to address clearly the question of the steps being taken to provide for the two elements called for under the Immediate Programme of Action, namely, additional finance to provide an immediate boost to the economies of the least developed countries, and secondly, additional finance to assist the least developed countries in elaborating a Substantial New Programme of Action for the 1980s. As a result the Preparatory Committee at its second session concluded that progress in the implementation of the Immediate Action Programme had been very slow. The commitment to alleviate the difficult economic situation of the least developed countries had not been implemented in concrete terms. The Committee recalled that the General Assembly had itself recognized the lack of progress in the implementation of the Immediate Action Programme when at its eleventh special session it urged all developed countries, developing countries in a position to do so, multilateral development institutions and other sources to take urgent steps to implement without any further delay on a priority basis, the commitment undertaken on the Immediate Action Programme. In this connection, the Group of 77 strongly urged the donor countries to double at the earliest possible time, the flow of official development assistance to the least developed countries as called for in paragraph 12 of UNCTAD resolution 122(V).

7. However, despite repeated commitments to double official development assistance in real terms to the least developed countries concessional aid flows from all sources have in fact been declining. Expressed in per capita constant 1978 dollars, such flows fell from $US 18 in 1975 to $US 15 or 16 during the period 1976-1978 and might have declined in 1979. Surprisingly, these amounts were also much lower than per capita aid flows to developing countries as a whole and the gap seems to be widening.

8. From the reports and missions of the ECA, 1/ the situation in the African least developed countries is particularly alarming. The cumulative effects of external shocks and structural weaknesses reflected in recurring balance of payments crises coupled with some unfavourable domestic factors including environmental hazards have made an already bad situation worse in most of the African least developed countries. The African least developed countries as a group have in general experienced a very low growth averaging a mere 3.1 per cent per year during the 1970s. In terms of per capita output this implies a meagre 0.6 per cent yearly increase. Thus, mass poverty, unemployment and under-employment have spread significantly in these countries.

1/ See "The summary of the findings of the high level ministerial missions to the African least developed countries," paragraphs 8 to 20.

9. In the Immediate Action Programme period of 1979-1981 a series of severe problems continued to constrain the efforts of these countries and threatened to strangle their development and even survival.

10. According to the reports of the ministerial missions to the African least developed countries, the areas of urgent concern include the slow agricultural growth including food shortages, the energy situation particularly the prices of oil, the balance-of-payments deficits, world and domestic inflation, capacity utilization, transport bottlenecks, diseases and droughts and floods.

11. The problem of high food deficits resulting in large food import bills was singled out as of primary importance to most of the African least developed countries for any Immediate Action Programme aiming at stabilizing the economies of these countries.

12. Secondly the energy problems and oil prices in particular were seen by many of the African least developed countries as a serious threat to both the short-term stabilization and the long-term development. Many countries pointed to the disturbing fact that their oil import bill, even after some stringent conservation measures, was absorbing an alarmingly large part of their total export earnings leaving almost nothing for the importation of capital goods. The ratio of the oil import bill to total export earnings was about 60 per cent on the average in the African least developed countries.

13. Thirdly the chronic and severe balance of payments deficits of most of the least developed African countries trapped the economies of these countries into a vicious circle of shortage of foreign exchange resulting into an inability to import spare parts and essential inputs and consequently bringing about a situation of low production and capacity utilization which, in turn, results into further shortages of foreign exchange earnings. In addition, many of the African least developed countries had high levels of foreign debts involving nearly insurmountable debt servicing problems. Again, connected inter alia with the problem of acute foreign exchange shortage is the problem of very low capacity utilization reaching in some cases as low as 30 per cent.

14. In respect of the Implementation of the Immediate Action Programme 1979-1981, at the national level, it is clear from the reports of the missions to the African least developed countries that many of the countries undertook some efforts to implement the programme. In general such national efforts were directed to (a) the agricultural sectors with policies aiming at increasing food output and self-sufficiency, (b) energy sector with policies aimed at conservation and price adjustments, (c) fiscal and monetary policies to reduce the resort to deficit financing and (d) to the rehabilitation of the industrial units.

The Immediate Action Element in the Country Presentations

15. In view of the slow implementation of the Immediate Action Programme in 1979-1981 and given the persistence and even an increase in the short-term problems and constraints, many of the least developed countries have elaborated short-term action programmes in their country presentations to cover the first few years of the decade of the 1980s. The implementation of such Immediate Action elements is regarded by these countries as a sine qua non for long-term progress since in many cases it is seen as a Survival Programme or Programme of Reconstruction and Rehabilitation in the individual country presentations.

16. The short-term programmes are fairly uniform in the types of problems they are designed to address. Basically these countries find themselves in a vicious circle of foreign exchange shortage namely low output, because of inadequate inputs due to foreign exchange shortage, and a shortage of foreign exchange because of low output. Thus, a main area of action in most of these programmes is the promotion of exports through the provision of incentives and subsidies for export crops, strengthening marketing organizations for agricultural commodities and better husbandry. A high priority is also given to the increase of food production in order to eliminate food imports and to achieve self-sufficiency in food. The short-term programmes also aim at institutional and policy adjustments with emphasis on balancing investment to ensure fuller utilization of existing excess capacities in all sectors. Emphasis is also laid on the completion of projects already in the pipeline, the development of cheap alternative sources of energy, the control of inflation and on measures to mitigate natural disasters such as drought and floods. A number of programmes also stress the need to close the human resource gap through the use of expatriates in the short term.

17. As already stated, the implementation of these short-term programmes is seen by most least developed countries as a basic and urgent requirement for long-term development implicit in the over-all objectives of the 1980s. But the Immediate Action Programme for 1979-1981 had limited success because of a variety of reasons some of which were outlined by the various officials of the African least developed countries during the Ministerial missions that visited these countries. It is therefore important to highlight some of the problems that are likely to hamper the implementation of the Immediate Action element in the proposed country programmes for the 1980s. Also, such an outline of the likely problems should help in concretising the position that should be taken in Paris regarding the Immediate Action element in the least developed country programmes.

18. In this respect due emphasis has to be put on the urgency and immediacy of the assistance for the Immediate Action element since it is likely that long-term assistance might take a long time to start flowing to the least developed countries. However, the ministerial missions to the African least developed countries found some problems which cause delays and make immediate commitment and disbursement of assistance difficult. These include (a) the long parliamentary procedures of the donor countries, (b) the insistence on and usual absence of prefeasibility and feasibility studies, (c) giving of project tied assistance rather than programme assistance which is more flexible (d) one year programming instead of multi-year programming and (e) in some cases the least developed countries, as recipients, did not make adequate preparations for the short-term assistance.

19. Thus in view of such problems, it would seem necessary to explore and take a position on new approaches which ensure quick and immediate giving of assistance for the immediate action element. Such approaches include (a) pressing for a larger part of the short-term assistance in the form of balance of payments support which is more flexible and can be given with immediacy, (b) commodity support assistance including in particular, oil, food and material inputs into production structures to effect an immediate boost to the utilisation of capacity, (c) debt cancellation so as to immediately ease the debt servicing burden and (d) programme assistance and multi-year programming directed specifically to the short- and immediate-term problems so as to mitigate the tendency of short-term assistance being circumstantial and ad hoc.

20. However, there is also another thinking that if too much emphasis is put on the Immediate Action elements in the United Nations Conference on Least Developed countries, the donors might be led to concentrate on short-term assistance without giving adequate and early attention to the medium- and long-term development plans. Thus, a balance in emphasis between the Immediate Action element and the long-term element of the Substantial New Programme for the 1980s, seems to be desirable.